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RETURN TO
PURCELL
FILE 21 July 1954

NSC BRIEFING

SOVIET BLOC NEED FOR COPPER

I. Copper's importance to Soviet Bloc is such that no other metal has been so actively and so persistently sought

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PRESENT
STATUS?

A. Shipment of copper to Bloc embargoed by COCOM countries since fall 1951.

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B. Intensity of Bloc efforts circumvent controls reached peak in 1951-52, when world demand at highest (following Korean outbreak).

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25 YEAR RE-REVIEW

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II. Copper is essential in industrialized economy: vital to production of military equipment and materiel, industrial machinery and equipment needed for modern war economy.

(Used in ammunition, vehicles, artillery, aircraft, naval vessels, communications and fire-control equipment, etc.)

LATER FIGS?
A. Bloc countries in 1953 produced estimated 13% of world copper ore. However, Bloc consumes 18% of world copper. Gap can be met only by imports from free world.

B. Example, estimated Bloc copper requirement 1953 was 670,000 m.t.

1. Bloc production - 422,000

2. Imports - 100,000

3. Total - 522,000

4. Thus, unsatisfied requirement of 148,000 m.t., despite imports.

C. Bloc utilized 1953 total of 522,000 m.t. as follows:

1. Munitions, military equipment - 20%

2. Direct support of military - 17%

3. Stockpile - 10%

4. This roughly half available copper, say 250,000 m.t.

III. Bloc copper production now hampered by general need for advanced technology, and by lack of extensive natural resources in certain areas.

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A. In USSR, limit on expansion largely due approaching exhaustion of relatively rich Ural ores, slow development of new production from extensive deposits in Kazakhstan and Central Asia.

1. Kazakhstan ores present metallurgical problems.
 2. Exploitation Central Asia areas complicated by water shortage, harsh weather.

B. However, gap between Bloc need and production is estimated to be narrowing. Example (thousands metric tons):

	<u>1953</u>	<u>1954</u>	<u>1955</u>
(Require)	670	700	780
(Produce)	<u>422</u>	<u>480</u>	<u>600</u>
Deficit:	248	220	180

IV. Most of free world has cooperated in controlling Bloc purchases of copper. However, problem is complicated by complexity of multiple trade transactions and lack of controls in "free ports" of world.

A.

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at least 100,000 m.t. copper successfully shipped to Bloc in 1953.

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C. [redacted] Bloc efforts procure additional
192,000 tons, with success possible for half this amount.

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Deals for other half stopped or disrupted by COCOM
administrative action.

D. Control problem during this period was aggravated by
slump the free world demand for copper since early 1953,
resulting in accumulation large unsold stocks.

1. Situation especially bad in Chile, where by March 1954
total 175,000 tons unsold.

2. US then purchased 100,000 tons from Chile, leaving
75,000 on market.

3. [redacted]

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[redacted] majority of Chile's

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75,000 tons was probably sold legitimately.

**STILL
TRUE**
E. At present, there are no sizeable stockpiles of copper
available for sale on the world market (Chile even has some
unfilled orders). This should eliminate some of the pressure
for sales to Soviet Bloc.

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